

SEX DISCRIMINATION IN THE INSURANCE MARKET

An abstract of a Thesis by
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The problem. Public interest in the practices of the insurance industry that affect women has developed in recent years. Allegations have been made that many of these practices unfairly discriminate against women in the sale of the insurance product. Critics claim that it is often more difficult for women to obtain insurance because of different underwriting practices for men and women. They also claim that coverage and benefits for the same kinds of insurance are more limited for women than men. Finally, the claim is made that women, because of their sex, pay considerably higher premiums for health and disability insurance.

Procedure. The purpose of this paper is to identify those practices that differentiate between men and women, and then to evaluate and analyze those practices in terms of their fair or unfair impact on women. The results of two sets of questionnaires provide the basic research data for the project. The first set of questionnaires was developed for, and distributed to insurance companies licensed in the state of Iowa. Separate questionnaires were prepared dealing with life, health, disability, automobile, and homeowner and property insurance. The second was a questionnaire for the consumer which was distributed to approximately 3,500 persons, most of whom were women. Because the questions were general in nature, the results were not readily quantifiable. Therefore, information from the consumer questionnaire was used to illustrate the potential problems identified with the findings of the company questionnaires.

Findings. The project findings are many and vary by kind of insurance, and they are presented separately in the report by type of insurance surveyed. The following is a brief summary of the major findings.

1. Rate classification by sex was found in all but homeowner and property insurance.
2. Maximum coverage and benefits were not as universally available to women as to men.
3. Comprehensive pregnancy-related coverage is not generally available.
4. Disability insurance for homemakers is not generally available.
5. Marital status is often a factor in determining insurability.

Conclusion. While the adverse effect on women of these findings is readily seen, the elimination of the disparities raises further questions and controversy. Legislation to remove some of the inequities is a logical beginning but further study and interpretation of the discriminatory impact of sex-related classifications is also indicated.

SEX DISCRIMINATION IN THE
INSURANCE MARKET

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TABLE OF CONTENTS

	Page
ACKNOWLEDGMENT	iii
LIST OF TABLES	v
Chapter	
1. INTRODUCTION	1
The Problem	1
Rates	2
Underwriting	4
Availability of Coverage	5
Methodology	6
2. LIFE INSURANCE	10
3. DISABILITY INCOME INSURANCE	30
4. HEALTH EXPENSE INSURANCE	46
5. AUTOMOBILE INSURANCE	58
6. HOMEOWNER AND PROPERTY INSURANCE	66
7. SUMMARY	71
BIBLIOGRAPHY	81
APPENDIX	83

LIST OF TABLES

Table	Page
1. Industry Questionnaire Distribution and Response	8
2. Life Insurance Table of Premium Rates and Percent of Insureds by Sex in Companies Surveyed	12
3. Mortality Rate by Sex (1971 Edition Statistical Abstract of U.S.)	13
4. Reduction in Years for Females Based on 1955-1960 Basic Tables	13
5. Insurance Industry Mortality Experience 1960-1970	14
6. Company Responses Regarding Marital Status, and Sex-Related Factors Affecting Availability of Life Insurance	22
7. Disability Insurance Tabulation of Premium Rates, Occupational Class Available, and Percent Insureds by Sex, in Companies Surveyed	33
8. Disability Insurance - Limitations of Coverage in Companies Surveyed	38
9. Health Insurance Premium Rates	48
10. Availability of Maternity, Abortion, and Voluntary Sterilization Coverage in Companies Surveyed	50
11. Limitations of Maternity Coverage Found in Companies Surveyed	53
12. Patterns of Automobile Premium Rate Change by Sex in the Event of Marriage in Reporting Companies	59

Chapter 1

INTRODUCTION

The Problem

A ground swell of public interest in the practices of the insurance industry that affect women has developed in recent years. Impetus for the growing attention to these practices, while stemming from the civil rights effort, has undoubtedly been fed by the feminist movement. The charge has been made that the insurance industry, in the sale of its product, utilizes practices that result in unequal and unfair treatment of women. Further, for women, these practices result in unequal availability of coverage, restrictions and limitations on existing coverage, and higher costs or premium rates for that coverage.

It is one thing to charge the insurance industry with a practice that differentiates between men and women. It is another to charge that these practices unfairly differentiate between men and women. The problem, therefore, is two-fold. The practices must first be identified and established as actual practices currently in use. Second, those practices that are verified as actually existing and in current use must be evaluated and analyzed as to their fair or unfair impact on women.

The issues and problems of sex-related practices in

the insurance industry were brought before the public in a series of hearings on the economic problems of women before the Joint Economic Committee of Congress in 1973.¹ In 1974, the Pennsylvania Insurance Department issued a report on women's insurance problems which was developed by a special advisory task force.² Both of these aroused national interest and focused attention on a previously unnoticed problem.

Rates

By its very nature, the pricing of insurance is discriminatory. The industry must be able to differentiate or "discriminate" between the good risks and the bad risks. It must be able to develop underwriting sales practices which will select or yield the greatest volume of good risks, and set rate schedules which will charge the bad risks a sufficiently higher rate to avoid penalizing the good risks.

A primary concern of the insurance industry is to protect itself against unanticipated losses and to make a profit. To protect itself against excessive loss, an insurance company attempts to distribute the potential losses of

¹U.S., Congress, Joint Economic Committee, Economic Problems of Women, Hearing, 93rd Congress, 1st Sess., July 12, 1973 (Washington: Government Printing Office, 1973).

²Pennsylvania Insurance Department, Insurance Commissioner's Advisory Task Force on Women's Insurance Problems, Final Report and Recommendations (Harrisburg, June 1974).

policyholders among its insureds. Policyholders do not all pay the same premiums for the same coverage. They are instead grouped into classifications selected by the insurer, according to comparable degrees of risk in an attempt to assess to each group their fair share of losses.

Whatever classification system best reflects losses is acceptable to the industry. Traditionally, sex has been used as a distinguishing factor or classification in insurance. It is a convenient, simple and efficient way to divide people into risk categories that produce different loss potentials.¹ The choice of a classification system, in terms of insurance, is a business decision and related to the particular needs of that industry. It is an economic choice, not a social one. It is a choice that is essentially the same as that made by any profit-oriented industry.

There are no federal laws that prohibit or control the classification system by sex as it exists in the insurance industry. The McCarran-Ferguson Act of 1945 specifically exempts the insurance industry from federal law and leaves regulation entirely to the states.² Currently

¹Statement of Herbert Denenberg, Commissioner of Insurance, Pennsylvania. U.S., Congress, Joint Economic Committee, Economic Problems of Women, op. cit., p. 154.

²McCarran-Ferguson Act, S. 340 (1945) 15 U.S.C., Sec. 1011.

pending in Congress is a bill introduced by Representative Edith Green of Oregon to prohibit sex discrimination in the coverage and availability of insurance.¹ Nothing in that bill would prohibit classification by sex for purposes of premium rate calculation.

Underwriting

Underwriting is that process of determining who is insurable, who should be rejected, who should be cancelled, and what the specific provisions or restrictions of a policy should be for individual applicants. It is the function of the underwriter to evaluate the exposure to the industry by taking into account all the characteristics of the applicant that may affect risk.

Because of the subtleties surrounding the underwriting process, and the often subjective method of selection of risk, there are difficulties in the assessment of the overall process. Nevertheless, there are overt practices that affect women in terms of limitations and restrictions of coverage.

Historically, insurance was written for men. As the primary source of family support it was generally accepted that financial burdens would result from the husband's

¹U.S., Congress, House of Representatives, 93rd Congress, 1st Sess., Ref. Committee on Interstate & Foreign Commerce, H.R. 572, Jan. 3, 1973.

disability or death. The role of women was one of economic dependence. The best way to insure the economic security of a family was to insure the husband and breadwinner.

While the role of women has changed, the traditional attitudes concerning insurance for women are still often intact. In spite of the fact that millions of women today are solely responsible for their own and their family's support, and that the numbers of these women are growing, underwriters still regard women as a homogeneous group, primarily interested in being homemakers and totally dependent upon their husbands. The effect of these attitudes, and resulting practices, has been to restrict and limit insurance coverage, most notably in the area of disability income protection.¹

Availability of Coverage

There remain today two very broad areas affecting women where insurance coverage is totally inadequate or not existing at all. The first of these is disability insurance for homemakers and the second is comprehensive coverage for maternity care.

The rationale for the failure to provide homemaker disability insurance is the alleged difficulty in determining the financial worth of the homemaker and, also, the

¹Statement of Herbert Denenberg, U.S., Congress, Joint Economic Committee, Economic Problems of Women., op. cit., p. 155.

difficulty in determining the end of the disability.

Coverage for maternity care is generally very severely restricted, unlike other medical expense claims. The industry view is that pregnancy is a planned or elected event and, thus, uninsurable in terms of comprehensive coverage as are other unanticipated events.

Methodology

In December 1973, the State Commission on the Status of Women initiated a study of the insurance practices that affect women for the state of Iowa. A task force, including representatives from the Iowa Insurance Department, Drake University, the Iowa Civil Liberties Union, the Iowa Civil Rights Commission, women's groups and the insurance industry was called together to develop the study, analyze and evaluate the findings and their impact on women, and present its recommendations.

Three sets of questionnaires were prepared by the task force in order to substantiate and verify the allegations and findings of previous reports. The Initial Findings and Recommendations of the Pennsylvania's Insurance Commissioner's Advisory Task Force on Women's Insurance Problems of January 1974 was used extensively in this phase

of the project.¹ The findings of that report provided the basis for many of the questions developed for the questionnaires by the Iowa task force.

The first set of questionnaires was prepared for, and distributed to representative companies in the insurance industry. The responsibilities of actual distribution of the forms, selection of companies to be surveyed, and the preparation of a cover letter to explain the project were assumed by the Iowa Insurance Department. Companies were also instructed to return the completed questionnaires to that department.²

Separate questionnaires were developed for life, disability income, health expense, automobile, and homeowner and property insurance. These dealt only with non-group, or individual policies. Table 1 is a summary of the distribution and response of the insurance industry to the questionnaires. A total of ninety-three questionnaires were distributed and seventy-three responses were received. The responses are summarized and analyzed by type of insurance in the chapters that follow. The questionnaires are

¹Pennsylvania Insurance Department, A Report by the Insurance Commissioner's Advisory Task Force on Women's Insurance Problems, Initial Findings and Recommendations (Harrisburg, January 1974).

²Questionnaires used for this project are reproduced in the Appendix on page 83.

reproduced in the appendix.

Table 1
Industry Questionnaire Distribution and Response

Type Insurance	Distribution	Response
Life	20	18
Disability Income	19	13
Health Expense	19	14
Automobile	18	16
Homeowner and Property	17	12

The second set of questionnaires was directed toward group coverage in insurance. Since group plans have now become an integral part of employee benefits, these questionnaires were distributed to employers in Iowa who have group insurance plans in effect for their employees. While it is true that most insurance companies do sell group insurance plans to employers, the ultimate decision as to the type of group insurance and the distribution of the actual benefits and costs rests with the employer. In addition, there are employers who finance their own group plans and who, in effect, write their own group policy. For these reasons, it was planned to research group insurance directly by inquiry to employers.

Sixteen companies in Iowa were sent questionnaires dealing with health, disability income, and pension group plans. Unfortunately, the response by employers was not

adequate to develop any meaningful findings. Further study of group insurance plans is needed and a future project is anticipated.

A third type of questionnaire was designed for the consumer. The mailing list of the Iowa Commission on the Status of Women was used for distribution, and approximately 3,500 questionnaires were mailed. Because a random sample of Iowans was not employed for this distribution by the task force, it is acknowledged that the return is possibly biased. The mailing yielded 237 responses, which, although relatively small, was about as expected. Perhaps the most significant finding of this portion of the project was the apparent lack of knowledge and awareness concerning insurance for women. Nevertheless, there were many comments dealing with personal experiences and problems encountered, which are included in the detailed analysis by type of insurance.

Because the information received on the consumer questionnaire was often in narrative form and subject to interpretation it did not provide the kind of data that was easily quantifiable. It was used instead to illustrate potential problems identified with the findings of the company questionnaires.

Chapter 2

LIFE INSURANCE

Questionnaires prepared for life insurance companies were distributed to twenty companies in Iowa. Of these, eighteen companies responded. The questionnaire is reproduced on page 84 of the Appendix. The following is a summary list of practices found among the life insurance companies surveyed, that affect women. Each of these findings is further analyzed in this chapter.

1. Ordinary life insurance rates are lower for women than for men. Rates are usually based on a three-year setback.
2. Annuity rates are higher for women than for men. Rates are usually based on a four or five-year setback.
3. Settlement options are different for women and men. Life contingencies are usually based on a four or five-year age setback.
4. Guaranteed purchase options are not equally available to women and men.
5. When disability income coverage is available as additional coverage on life policies, it is not equally available to women and men.
6. The amount of life insurance available to a married woman often depends upon her husband's coverage.
7. Pregnancy is a factor in determining insurability.
8. Being the mother of an illegitimate child is a factor in determining insurability.

It is commonly understood that women pay a lower rate

for life insurance because of their sex. The findings of this study confirm that ordinary life insurance rates are lower for women than for men, and that the female premium rate is usually based on a three-year age setback. In effect, this means that the practice is to charge females the same rate as males who are three years younger. The reported rates by companies are shown in Table 2.

Available mortality data, however, indicates that women live six to nine years longer than men, while their rates are discounted by only three years. The 1971 Edition of the Statistical Abstract of the United States as reported in Congressional hearing¹ reports the mortality rate by sex as shown in Table 3. The reported difference is six to nine years. Further evidence documenting the difference in mortality rates by sex has been developed by the insurance industry. The reduction in years for females, based on the 1955-1960 Basic Tables, was also reported to Congress² and is shown in Table 4. The differential in years starts at four and goes slightly beyond eight.

Actual experience in the insurance industry for the ten years between 1960 and 1970 is found in the Society of

¹U.S., Congress, Joint Economic Committee, Economic Problems of Women, Hearing, 93rd Congress, 1st Sess., July 12, 1973 (Washington: Government Printing Office, 1973), p. 184.

²Ibid.

Table 2

LIFE INSURANCE TABLE OF PREMIUM RATES AND PERCENT OF
INSURED BY SEX IN COMPANIES SURVEYED

RATES*		PERCENT TOTAL INSURED	
	Male	Female	
1.	229.90	214.90	73.4
2.	193.00	186.70	Not Available
3.	204.10	193.90	76.1
4.	154.90	146.70	Not Available
5.	196.50	185.60	74.9
6.	155.90	136.30	82.5
	146.80	127.20	
7.	202.10	190.80	Not Available
8.	208.80	191.60	Not Available
9.	203.50	185.40	78.0
10.	205.90	194.90	78.4
11.	208.10	197.40	63.7
	209.40	209.40	
12.	140.10	130.00	Not Available
13.	195.00	179.10	77.8
14.	159.20	144.80	73.0
15.	192.20	187.30	Not Available
16.	198.90	182.40	69.7
17.	195.60	181.90	76.0
	158.30	144.60	
18.	202.10	192.20	Not Available

*Annual premium for \$10,000 continuous premium whole life policy issued at age 30 on March 15, 1972. Three companies submitted more than one rate because their policies did not conform to the example provided in the questionnaire.

Table 3
Mortality Rate by Sex
(1971 Edition Statistical Abstract of U.S.)

Male Age (1)	Mortality rate per 1,000 (2)	Female age with same mortality rate (3)	Difference in years (4)
30.....	1.67	38.1	8.1
35.....	2.21	41.2	6.2
40.....	3.43	47.0	7.0
45.....	5.59	52.9	7.9
50.....	9.30	58.4	8.4
55.....	14.97	64.0	9.0

Table 4
Reduction in Years for Females
Based on 1955-1960 Basic Tables

Male Age	Female Age	Differential in years
30.....	34.2	4.2
35.....	39.3	4.3
40.....	44.1	4.1
45.....	50.4	5.4
50.....	57.4	7.4
55.....	63.2	8.2
60.....	67.4	7.4
65.....	70.6	5.6

Actuaries Transactions, Reports of Mortality and Morbidity Experience, 1966 and 1971. The experience, as reported in Congressional hearing,¹ is seen in Table 5. Again, the differential is considerably over three years.

Table 5
Insurance Industry Mortality Experience 1960-1970

Male Age* (1)	Weighted ratio of female to male mortality (2)	Female Differential corresponding to ratios in column (2) (3)
37.....	69.6	8.0
42.....	66.1	3.9
47.....	65.7	3.3
52.....	56.4	5.7
57.....	50.4	7.4
62.....	51.5	6.9
67.....	50.9	7.4
72.....	56.7	6.9
77.....	58.8	6.6

*The ages below are the midpoints of quinquennial age brackets used in the studies.

This mortality rate by sex data would indicate that the age setback for women should not be three years, but considerably more. Based on the data one could conclude that a conservative differential in age between males and females is at least six years.

According to Barbara Shack of the New York Civil

¹Ibid., p. 185.

Liberties Union in testimony before Congress,¹ while life insurance is one area where women should benefit from a favorable actuarial data, they are instead arbitrarily taxed by premium rates which are not justified.

John A. Durkin, former Insurance Commissioner for the state of New Hampshire, has stated that the premium rates charged females were the same as males until the late 1950's. Even then, according to Durkin, it was commonly known that female mortality rates were lower. The rationale for not providing insurance at a lower cost to women was that they bought smaller policies, and that administrative expense relative to the smaller policy offset the lower female mortality.²

By late 1950, the industry began to offer quantity discounts on individual insurance policies, whereby the rate per \$1,000 decreased as the amount of insurance purchased increased. This development eliminated the rationale for female rates being equal to male rates. As the new rate structure automatically charged more per \$1,000, male or female, companies adopted a lower rate for females.³

¹Ibid., p. 171.

²Excerpted from Statement of John A. Durkin before Senate Subcommittee on Antitrust and Monopoly, February 22, 1973, U.S., Congress, Joint Economic Committee, Economic Problems of Women, Exhibit V, ibid., p. 185.

³Ibid.

The "discount" for women took the form, in most cases, of a three-year age setback in spite of actual mortality statistics. The practice persists to this day. In fact, insurance companies are limited by statute in their own ability to reflect differences in female and male mortality in the premium rates for ordinary life insurance. According to law, all adjusted premiums and present values for all policies of ordinary insurance shall be calculated on the basis of the Commissioners 1958 Standard Ordinary Mortality Table, ". . . provided that for any category or ordinary insurance issued on female risks, adjusted premiums and present values may be calculated according to an age not more than three years younger than the actual age of the insured."¹

There are, of course, other classifications that can be used to produce different mortality rates by class. It is commonly known that different races have different mortality rates, and that blacks experience a higher mortality rate. However, to differentiate and, therefore, to discriminate in this manner would not be good social or public policy.² Instead, the resulting differences in cost are spread among all the insureds.

¹Iowa Code, Title XX, Section 508.37(5) (1973).

²Statement of Herbert Denenberg, U.S., Congress, Joint Economic Committee, Economic Problems of Women, op. cit., p. 154.

Although one of the basic purposes of life insurance is to provide protection against the economic risks of death, other forms of life insurance can generate important values for the living policyholder. Individual annuity programs are an example. These programs, too, are based on sex mortality tables which produce lower monthly benefits for women, when they have made contributions equal to those made by men. Conversely, if their contributions are higher, the monthly benefits are the same.

The findings of the Iowa survey are that annuity rates are different for women and men, based on annuity mortality tables, industry experience, or an age setback derived from a mortality table. The age setback, however, is not three years, as with ordinary life insurance, but rather four or five years.¹ The annuity premium rate differential in this kind of insurance more closely approaches the actual mortality rate as shown in Table 4.

It was previously stated that a three-year age setback did not reflect the actual differential in the mortality rates by sex, and, thus, the premium rates, although

¹In response to question 2 on the Life Insurance Questionnaire regarding differences in annuity rates for men and women, three companies reported higher premium rates for women without further clarification, and four companies reported that they used a four or five-year age setback for women. The remaining eleven companies replied that rates were different reflecting separate male and female mortality tables or actual mortality experience.

lower for females than males, were nevertheless still too high in terms of actual mortality data.

Premium rates for annuity programs, however, work in reverse, and younger persons pay higher rates because of a greater anticipated longevity. A four or five-year female setback would, therefore, indicate a higher premium rate than would a three-year setback. Thus, there is an inconsistency in the industry use of rate differentials based on mortality differences. It appears that the industry may use whichever system of rate calculation, with respect to age setback, that produces the higher premium rate. The use of a greater age differential produces a higher premium rate for females in annuity programs. Conversely, the same three-year setback or age differential, as used in ordinary life insurance would produce a lower annuity premium rate for females.

While settlement options are generally available to both men and women, the life contingency options for women beneficiaries are based on a four or five-year age setback, or actual company mortality experience. This method usually provides less monthly income to females for a specific amount paid at a given age, than to males.

Participating life insurance policies which pay dividends were issued by most of the companies surveyed in this study. The dividends paid to female and male policyholders were different in only four of the reporting companies. The basis for the difference was either the mortality rate by sex

or the use of a three-year age setback.¹

Guaranteed purchase options refer to dates in the life of a policyholder when additional coverage is available on a guaranteed basis and without further evidence of insurability. Such dates often include a period of time following the event of marriage, the birth of a child, or future birthdays in the life of the insured.

Most of the responding companies replied that guaranteed purchase options were equally available to women and men. Three of the companies, however, reported that option dates were different for female and male policyholders.² In those companies, additional purchase option dates were available to married males upon the birth of a child and on a specific date following the event of marriage. A closely

¹In response to question 3 of the Life Insurance Questionnaire regarding participating life insurance policies, five companies did not issue such policies. Nine companies reported that the dividends paid were the same for women and men at a given age, and four companies paid dividends that were different for women and men at a given age.

²In response to question 13 on the Life Insurance Questionnaire which inquired whether guaranteed purchase options are available on the same basis to male and female applicants, one company indicated that it provided additional benefits to males only by providing three months term insurance and a special option purchase date following the birth of a child. Another company provided special purchase option dates to males only on the 90th day following marriage and upon the birth of a child and/or the legal adoption of a child. Similarly, the third company provided a 90-day period of free insurance and an acceleration option at marriage and the birth of a child to males only.

related benefit is to award a period of free insurance to qualified males on those dates.

Paradoxically, one company provided a special option date for women which would enable their husbands, if under forty years of age, to purchase insurance without evidence of insurability on the 90th day following their marriage.

Another form of added coverage to life insurance policyholders is disability income coverage. Of the responding companies, only seven issued this type of added coverage. Only two of these seven replied that such coverage was equally available to women and men insureds. Four companies replied that this additional coverage was available to male insureds only. The other company, while it provided this additional coverage for both sexes, charged a female rate per unit of coverage that was $1\frac{1}{2}$ times the rate for males. At the same time, the maximum monthly benefit available to males was \$300 compared to \$125 for females.

Accidental death benefits were found to be equally available to female and male policyholders by this study.

According to the findings of this project, the maximum amount of insurance which may be purchased by a single woman or a single man is the same.¹ The situation changes for a

¹One company volunteered the information that the maximum amount was the same provided that the occupational status and income were the same.

woman, however, if she is married. In that event, the amount of insurance available to her may depend upon the amount of her husband's coverage. Company responses to the question of whether the amount of coverage available to a married woman depends on her husband's coverage is shown in Table 6. Only four of the eighteen responding companies stated that the amount of insurance available to a married woman did not depend upon her husband's coverage.

Closely related to the issue of availability of coverage for married women is the practice of requesting information from a married woman about her husband's insurance. As shown in Table 6, nine companies replied that they do request such information, and four other companies indicated that while this is not a question on the application, the information is a part of the agent's report.¹ None of the companies surveyed request information about a wife's insurance from a married man.

The industry rationale for the above is that men are the primary source of support for the family and, therefore, the bulk of life insurance should be on the life of the husband. While this may have been valid in years past, the changing role of women today mandates a re-evaluation of such practices. More than four out of ten married women from twenty-five to thirty-four years of age were in the labor

¹See Column 1, Table 6, page 22 of this report.

Table 6

Company Responses Regarding Marital Status, and Sex-Related Factors
Affecting Availability of Life Insurance

Married Women		Insurability When Pregnant	Insurability of Mother of Illegitimate Child
Information Require- ments Regarding Husband's Insurance	Insurance Dependent on Husband's Coverage		
Yes, on Agent's Report	Yes, if over 50,000	Over 40 years	If moral hazard exists
Not on Application	May not have more insurance than hus- band, unless he is uninsurable or she is breadwinner. In- tent is to discour- age anti-selection.	No	No
On Agent's Report	Wife's insurance limited to 1/2 husband's	If history of complications	If lifestyle causes mortality hazard
No	No	If history of complications	Evaluation of moral situation required
On Agent's Report	Yes, if over 25,000	If over 40 or list of com- plications	If habits and morals affect risk
Not on Application	No	In later months	If extreme promiscuity
Not on Application	Yes, if over 25,000	Yes	If moral hazard
Yes	Amount of coverage a function of earned income	If history of complications	No

Table 6 (Continued)

Married Women		Insurability When Pregnant	Insurability of Mother of Illegitimate Child
Information Require- ments Regarding Husband's Insurance	Insurance Dependent on Husband's Coverage		
Yes	Yes. If dependent, limited to 50% hus- band's coverage.	If history of complications, or other medi- cal problems.	If lifestyle affects insurability.
Yes	Yes, unless her own income.	Only if other medical prob- lems.	Not by itself.
Yes	Yes, if over \$10,000	No	Yes, subject to reputa- tion, financial ability and possibility of violence.
Yes	Yes, unless her own income.	No	No
Yes	Yes, may not be in- sured in excess of husband's coverage unless husband uninsurable.	No	No
Yes	Yes, reasonable cov- erage permitted in relationship to hus- band's coverage.	Yes	No

Table 6 (Continued)

Married Women		Insurability When Pregnant	Insurability of Mother of Illegitimate Child
Information Require- ments Regarding Husband's Insurance	Insurance Dependent on Husband's Coverage		
Yes	No	Yes, uninsurable last six weeks.	No
On Agent's Report	Yes, coverage should not exceed amount carried by husband.	Yes, in 9th month.	Yes, if environment and morals affect insura- bility.
Yes	Yes, if dependent.	If complica- tions.	Depends on degree of promiscuity and under- writer's judgment.
No	No	No	No

force in March 1973, compared to less than three out of ten in 1963, and about two out of ten in 1948.¹ This indicates a growing and significant contribution by women to their family's financial support. The death of a working wife can today mean a considerable economic burden for the remaining members of the family, compounded by the problem of inadequate insurance.

It is relevant to note that of the 141 responses by married women to the consumer questionnaire, 51 indicated that the life insurance was in their husband's name only. That was true even for women who were employed and earning \$10,000 to \$15,000 annually. The consumer questionnaire provided some evidence that insurance agents may discount the need for insurance on the life of a married woman, and that this practice may occur even when that woman is employed.²

¹U.S. Department of Labor, Women's Bureau, Women Workers Today (Washington: Government Printing Office, 1974), p. 4.

²One woman stated in her response to the consumer questionnaire that when she wanted her own name listed as the insured on a policy, the agent became upset and professed to be amazed. Another woman was annoyed by the attitude of agents who assume that a husband should make all the insurance decisions. An agent had allegedly stated to her and to her husband that a wife's income should not be counted in figuring family insurance needs. Since she (the wife) was earning \$10,000, it was her opinion that such a practice presented a grossly distorted view of their family's insurance needs. Still another agent was quoted as advising term insurance for women and whole-life insurance for men. Other responses provided further evidence that married women are not insurable for as much coverage as their husbands, even when earning their own salary.

The practice of issuing coverage on the life of the husband, and not on the life of the wife, presents particular problems in the case of divorce. As an example, one woman reported that although she had contributed to the premiums paid on her husband's policy throughout their marriage, she was left without life insurance after their divorce.

Closely related to all of these problems is the special area of mortgage insurance. This was not an area of inquiry in the industry questionnaire, but problems related to this kind of insurance were found in the consumer responses. Several women, responding to the consumer questionnaire, complained that mortgage insurance was issued only on the life of the husband and that they, as wives, could not be insured for the debt.¹

Another factor which affects insurability and which is sex-related is the condition of pregnancy. As shown in Table 6, only four of the companies surveyed reported that

¹Two women complained that they were told by an insurance agent that mortgage insurance had to be issued on the life of the husband. The agent reportedly would not even discuss insuring the life of the wife, even though one of them had an annual salary of \$10,000. Another complaint came from a farm wife who noted that if her husband died, the mortgage would be paid. If she died first, however, her husband would continue to be burdened with the mortgage without benefit of her contribution to the operation of the farm. A fourth complaint came from a woman who could not buy mortgage insurance on her life, even though her husband was ill and uninsurable.

pregnancy was not a factor in determining insurability.¹

The other companies had varying restrictions which included not issuing policies to pregnant women for the last month or six weeks of pregnancy, to pregnant women who are over forty years old, or to anyone who is pregnant and who has had a history of complications.²

As further shown in Table 6, it was found that being the mother of an illegitimate child may affect insurability.³ Only seven of the responding companies replied that it was not a factor in determining insurability. The remaining eleven companies qualified the insurability of these women in terms of other factors and further inquiry. References were made to the moral hazards involved, and to the need for further inquiry into the applicant's lifestyle and financial situation. One company noted that being the mother of an illegitimate child was no more of a factor than being the father of such a child. Obviously, however, the condition is more apparent for women.

¹See Table 6, Column 3, page 22.

²In response to question 12 of the Life Insurance Questionnaire inquiring whether pregnancy was a factor in determining insurability, one company noted that a caesarian would cause a temporary one-year extra premium requirement. Another company stated that excessive interest in life insurance during pregnancy would cause extra scrutiny by the insurer to prevent anti-selection.

³See Table 6, Column 4, page 22.

A survey of application forms for life insurance on file with the Iowa Insurance Department reveals that it is common practice to include questions for "Females Only" in the medical history sections. These questions relate to past disorders of menstruation, pregnancy, and female organs. A female applicant is also asked whether she is pregnant and if so, when delivery is expected. A similar category of questions relating to "Males Only" was not found. By comparison, it would probably be considered highly discriminatory to categorize questions about sickle cell anemia "For Blacks Only."

In response to the question of differing criteria by sex for insurability, fourteen insurance companies replied that there were no differences. Two noted that the weight and blood pressure allowances were more liberal for female applicants than for male applicants.¹

In summary, the evidence as presented does indicate the presence of many sex-related factors in determining insurability and, also, in determining the costs of that insurability. While women do pay a lesser amount in premium rates for ordinary life insurance, they may pay more for an annuity insurance program. Added coverage in terms of future purchase options and disability income coverage is not

¹These responses were derived from question 6 on the Life Insurance Questionnaire.

equally available to female and male insureds, and the event of marriage may limit the amount of life insurance available to a woman.

Chapter 3

DISABILITY INCOME INSURANCE

Disability income insurance is a form of economic protection against the loss of income because of a disability resulting from illness, injury, or disease. Total disability is usually defined as the complete inability of a person to perform the duties of her or his occupation. The benefits of disability income insurance take the form of monthly payments to replace lost income.

Income lost due to disability can mean financial disaster for anyone who is the head of a household, self-supporting, or a major contributor to the family's support. In the past, these support roles belonged primarily to men and, therefore, it was the man's income that should be protected. Today, as women's role has changed, it is an important form of insurance for women as well as men. It has been reported that in 1972, one-half of the thirty-three million working women in the United States were single, separated, divorced, widowed or married to men who earned less than \$3,000 annually.¹

¹U.S. Department of Labor, Women's Bureau, The Myth and the Reality (Washington: Government Printing Office, 1973), p. 1.

A disability income insurance questionnaire¹ dealing with availability, limitations, and costs of coverage for women as compared to men was sent to nineteen insurance companies. Thirteen of these responded. The following list is a summary of the findings produced by the questionnaire.

1. Disability insurance rates are higher for women than for men. Rates are usually based on sex morbidity tables.
2. The same occupational classes for purposes of rating may not be equally available to women and men.
3. Coverage is not always available to women in hazardous occupations.
4. The maximum monthly indemnity and maximum benefit period is not equally available to women and men.
5. A reduction in benefits if not employed away from home at the time of the disability may occur. This reduction may not be equal for women and men.
6. Disability insurance is not generally available to part-time workers.
7. Pregnancy-related disability is excluded from coverage.
8. Disability insurance is not generally available to women who do not work outside the home. When it is available, coverage is extremely limited.

It was reported by ten companies that their premium rates for disability income insurance were different for women and men, and that women were charged the higher rate. The rate differential was usually based on separate morbidity

¹The Disability Income Questionnaire is reproduced in the Appendix on pages 87-89.

tables for men and women, although some companies based their premium rates on their own claim costs or experience. In order to obtain some idea of the actual differential in the rates charged women and men, companies were asked for the annual premium amount for a policy providing \$300 per month to age sixty-five with a six-month waiting period for an office manager, age thirty, on March 15, 1974. The results are tabulated in Table 7. It was found that women paid as much as 155% of the male rate for the same policy. As was anticipated, coverage did not include pregnancy-related disabilities. Only one company reported the same rate structure for males and females on this type of policy.

Related to the rate structure are the dividends paid on participating disability income policies. Only three of the companies surveyed issued such a policy. Of these, two companies responded that dividend payments to women were different than payments to men at a given age. The third company noted that it had not had sufficient experience to set a dividend scale.¹

In addition to being a function of sex, disability insurance rates are also a function of occupational classes. Classes of jobs or occupations are rated in terms of health risk. Individuals in jobs that present a high degree of occupational hazard pay a higher premium rate, while those

¹See Table 7, Column 3, page 33.

Table 7

Disability Insurance Tabulation of Premium Rates, Occupational Class Available,
and Percent Insureds by Sex, in Companies Surveyed

Rates Different by Sex	Rates Per Questionnaire Example*		Participating Policy Dividends	Occupational Class Available to Male and Female	Insureds	
	M	F			M	F
Yes	53.40	53.70	No	Same	Not Available	
No	62.50	62.50	No	Same	36.8%	63.2%
Yes	Policy Not Written		Yes, but no dividend scale	Same	Not Available	
Yes	65.85 Pref. 85.35 Std.	85.35	No	Males: Pref. & Std.	Females: Std. Class Only	Not Available
No	Policy Not Written		No	Same	Not Available	
Yes	93.90	124.89	N/A	Same	95.0%	5.0%
Yes	124.86	153.82	No	Males: 5 Classes	Females: 3 Classes (No hazardous)	Not Available
Yes	90.0	115.20	No	Same	69.0%	31.0%
No	Policy Not Written		No	Same	Not Available	
Yes	78.12	100.50	Yes - same for Male & Female	Same	94.4%	5.6%
Yes	108.00	143.96	No	Same	91.2%	8.8%
Yes	99.14 To 65 85.46 5 Yrs.	154.01 132.11	Yes - Differ by sex	No Female Class For Hazardous	Not Available	
Yes	76.29	96.93	No	Same	Not Available	

*Annual premium rate for disability income policy providing \$300/month to age 65 with 6 month waiting period for an office manager, age 30, on March 15, 1974.

in a job with a low degree of occupational hazard may receive the advantage of a lower premium rate. Occupational classification is a factor in determining insurability and, also, the premium rate. Fairness, it seems, would dictate that the same occupational classes be available to both female and male applicants. This, however, was not found to be universally true.¹ One reporting company placed all women into a "standard" class or category, which means that the rates and benefits available to the more select occupational classes are not available to women. A standard category or class simply means that all occupational classes are grouped together resulting in relatively higher premiums for women in the select occupations, compared to the premiums for men. Two other companies reported that they do not insure women who are employed in the more hazardous occupational classes, although one company stated that it would be willing to do so.²

It seems to be entirely possible that the high female premium rate has priced many women right out of the disability insurance market.³ As shown in Table 7, the number of

¹See Table 7, Column 4, page 33.

²Only one reporting company stated that males in the most hazardous occupational class are not eligible for many plans because of the difficulty in pricing the severe hazard.

³Six complaints were received from the consumer questionnaire regarding the high cost of disability insurance for women. One of these came from a professional woman who did not have this kind of insurance because it was so expensive.

female insureds relative to male insureds is very small. It is, therefore, very telling that in the one company that insured males and females at the same rate, the number of women policyholders far outnumbered men.

The insurance industry maintains that the rate differential by sex is justified by industry morbidity tables and experience. These tables and experience, however, stand out in sharp contrast to Public Health Service reports¹ which indicate that men and women lose almost the same amount of time from work because of disability. Furthermore, according to those statistics, the work time lost by women includes childbirth and complications of pregnancy.²

Men may, in fact, be higher risks than women. The experience under the public system of disability insurance through Social Security reveals that in 1970, 5.3 men per thousand were awarded disability benefits under Social Security, compared to only 3.9 awards per thousand for women. These figures take on special significance in view of the fact that any working individual is insured, regardless of health status, age, sex, or circumstances of employment.

¹U.S., Congress, Joint Economic Committee, Economic Problems of Women, Hearing, 93rd Congress, 1st Sess., July 12, 1973 (Washington: Government Printing Office, 1973), p. 172.

²Ibid., according to the testimony, in 1968, men averaged 5.2 days per year and women averaged 5.9 days per year. In 1971, the figures were 5.1 days for men and 5.2 days for women.

There are no "screening" standards, such as exist in the private insurance sector.¹

Even some industry statistics can now be cited which refute the industry rationale for such a large premium rate differential. According to the testimony of Barbara Shack of the New York Civil Liberties Union before the Joint Economic Committee in 1973, a survey was made of the disability insurance experience for thirteen companies for the 1965-69 period. The survey indicated that after a three-month elimination period there were 5.09 disabled males per thousand and 5.27 disabled females per thousand,² which hardly warrants the large premium differential as seen by sex.

The Metropolitan Life Insurance Company in a study of almost 50,000 white collar workers found that men incur more frequent and longer hospitalization than women. Among the workers, 88.7 per thousand men were admitted to hospitals in 1972. The rate for women, excluding maternity cases, was 76 per thousand. The hospital stays averaged 9.5 days for men and 9 days for women.³

¹Susanne Stoiber, "Insured: Except in Case of War, Suicide, and Organs Peculiar to Females," Ms. Magazine (June, 1973), 117.

²U.S. Congress, Joint Economic Committee, Economic Problems of Women, op. cit., p. 172.

³"The Weaker Sex," Life Notes, National Association of Life Underwriters, Vol. 44, No. 8 (April, 1974).

The information above raises some serious questions concerning the validity of the higher disability insurance premium rates for women. While understood that the insurance industry does not base its rate schedule on national disability statistics, but rather on their own insured population, it is quite possible that the high rate for women has led to an anti-selection process. If so, companies have been insuring only high risk women and have excluded a market of healthy women.¹

It is not uncommon for women to find that even after purchase of a disability income insurance policy and the payment of a higher premium rate because of sex, other restrictions and limitations of coverage will be imposed. Differences were found among the companies surveyed in the maximum time period of benefits allowed and in the maximum monthly indemnity allowed.

As shown in Table 8, five companies reported differences in one or both of these areas. The maximum amount available in one reporting company was \$3,000 to male policyholders and \$1,500 to female policyholders. Another company reported that \$2,000 was allowed to males and one-half that

¹In reply to the consumer questionnaire, one woman stated that she was told by an insurance agent that statistics proved women are sick more and miss more work days. She noted that in her position of handling all the personnel records and time cards for her employer, she could see no evidence of that being true.

Table 8

Disability Insurance - Limitations of Coverage in Companies Surveyed

Pregnancy- Related Disability	Maximum Monthly Indemnity		Maximum Benefit Period	Reduction If Not Employed Away From Home	Part-Time Coverage
	M	F			
No		80% Male Indemnity after 1st year	Differ for Male and Female	No	No
No		Same	Same: 2 years	No	Yes, same for Male & Female
No		Same	Same: to 65	No	No
No	\$3,000	\$1,500	Same	No	Students \$100/Mo.
No	\$500	\$500	Same: 1 yr.	No	Yes, same for Male & Female
No	\$600	\$600	Same	No	No
No	\$2,000	\$2,000*	Same: to 65*	Yes, same for Male & Female	No
No	\$2,500	\$2,500	Same	No	Yes, same for Male & Female
N/A		Same	Same	No	No
No	\$3,000	\$3,000	Same	No	No
No	Same for class AAA		F: 2-yr. M: to 65	Yes, reduced by 50% if Female	No
No	\$2,500	\$2,500	No answer	No	No
No	\$2,000	$\frac{1}{2}$ Male Indemnity	No answer	Yes, same for Male & Female	No

*Not available to non-professional women.
Only equally available to professional women.

amount to females. A third company maintained lower limits for the non-professional woman because this type of worker (it was said) is often temporary or works for "extra" income. Disability payments, according to that company, triggers a return to the home where it is more difficult to determine the end of the disability. Why there should be less incentive for the non-professional woman to return to work than for the non-professional man was not stated.¹ Still another company reduced benefits to women after the first year of disability.

Although most of the companies in the survey reported that there was no difference in the maximum benefit period allowed men and women, one company did state that sickness payments were allowed to age 65 for males and that females were limited to two years.²

The presumed rationale for the differing limits of coverage for female and male policyholders is closely

¹Two consumer complaints were found concerning different maximum limits for men and women. One woman found she could not receive benefits after two years. Another reported a female limit on lifetime disability of five years. It was explained to her that women, because they are not as dependent on their salaries, are more likely to extend the period of disability beyond the time necessary, whereas men would be less likely to be content to stay at home.

²See Table 8, Column 3, page 38.

related to the mythology surrounding the woman worker. One myth is that women are not seriously attached to the labor force and that they work, not out of need, but to satisfy a desire for some extra income. The fact is that of the nearly thirty-four million women in the labor force in March 1973, nearly half were working because of pressing economic need. These women were either single, widowed, divorced, separated, or married to men who earned less than \$3,000 a year. Another myth is that women are only temporary members of the workforce, basically dependent on a primary male wage earner. As such, women should not receive the benefits intended for regular members of the workforce. The fact is that the average married woman worker has a worklife expectancy of twenty-five years. Single women average forty-five years in the labor force. The worklife expectancy of the average male worker is forty-three years.¹ Unfortunately, these facts have not dispelled the myths.

A reduction of benefits was found to exist in three of the companies surveyed if the policyholder is not employed away from home at the time of the disability. One of those three companies did not reduce payments equally for females and males. If the policyholder is a woman, the monthly indemnity is automatically reduced by fifty percent, unless actually confined in a hospital. The restriction did

¹The Myth and The Reality, op. cit., pp. 1-2.

not apply to men.¹

Because more women than men are employed part-time, practices affecting part-time workers necessarily affect women to a greater degree than men.² A question relating to the availability of disability insurance for part-time workers revealed that it was not available in nine of the companies reporting. Four companies replied that policies were issued for part-time workers. One such policy covered students and was limited to \$100 per month.³ The care of home and children are prime responsibilities of women in our society. Even the most pressing financial need may not permit some women to take full-time jobs. Women with extreme financial need who are limited to part-time employment because of family obligations, are just as much in need of income protection as full-time workers. Their need may, in fact, be greater.

Noncancellable and guaranteed renewable policies were found to be available to both male and female applicants by

¹See Table 8, Column 4, page 38.

²College students are also affected by this practice. A graduate student employed part-time stated on the consumer questionnaire that she was unable to get disability insurance, and was told that such policies were not sold to part-time workers. She noted that in her situation it was important.

³See Table 8, Column 5, page 38.

this survey. However, the same limitations for women with regard to maximum monthly indemnity and benefit periods as reported earlier applied.¹

Pregnancy-related disabilities were routinely excluded from coverage by all responding companies. Presumably the exclusion is justified by the industry because pregnancy is considered a planned event, and insurance is viewed as protection against unplanned losses. On the other hand, it cannot be assumed that all pregnancies are planned, and a complication of pregnancy is most certainly never planned.

A view expressed by H. S. Denenberg before the Joint Congressional Economic Committee is that working women should not be forced to choose between having a job and having a family. The wage loss associated with pregnancy must be recognized if women are to be allowed to do both.²

A very large group of women who have historically not been afforded protection against disability is the homemaker. The same void was found by this study. Disability insurance was not available in four reporting companies to women who do not work outside the home. While it was available in the

¹Because the responses to questions 11 and 12 of the Disability Insurance Questionnaire were all so similar, they were not tabulated.

²U.S., Congress, Joint Economic Committee, Economic Problems of Women, op. cit., p. 162.

other nine, the coverage was extremely limited. The following limitations were found.¹

1. Maximum monthly indemnity was limited to \$100.
2. The maximum benefit period allowed was one year.
3. The determination of the extent of disability required an outside investigator or hospital report.
4. The policyholder must be completely disabled and receiving medical treatment.
5. Insurance is available only to policyholders with an outside source of income.
6. Insurance is available only as a rider to the husband's policy.

Several women responding to the consumer questionnaire reported that they had not been able to obtain homemaker disability insurance. One noted that homemaking was apparently not considered an occupation.

Disability insurance has traditionally been sold only to those who produce an income, on the theory that there must be a money income to replace.² The occupation of homemaker does not normally produce monetary income, although it does produce a real economic contribution. Because a homemaker's contribution is not reflected in the price system, the value

¹The limitations were found in company responses to question 16 in the Disability Insurance Questionnaire. Inquiry was not made as to the availability of insurance for men who do not work outside the home.

²U.S., Congress, Joint Economic Committee, Economic Problems of Women, loc. cit.

of that contribution is judged more difficult to measure. The difficulties, however, of that measure are not insurmountable, and studies are available which have calculated the value of a homemaker's economic contribution.¹

Even more difficult from the industry point of view is the actual determination of the onset and termination of the disability. It is feared that insurance would provide a strong incentive for homemakers to feign illness and continue to receive disability payments.² The costs of claims administration would necessarily be high if such incentive exists.³ Whether or not such incentive actually exists seems questionable. Data was not found to either prove or disprove the actual existence of such incentive.

Differential treatment, based on sex, by disability income insurers was found in this study. Clearly, premium

¹Kathryn Walker and William Gauger, The Dollar Value of Household Work, Consumer Economics and Public Policy No. 5 (Ithaca: Cornell University, 1973); see also "What's a Housewife Worth?" Changing Times, (April, 1973), 11-13.

²A company response to the Disability insurance questionnaire stated that for many women ". . . a disability might trigger a decision to leave their employment and return to being a housewife. When a person stays at home, it is difficult to determine when the disability ends. For these reasons, we are more careful regarding the amount of indemnity we allow to be purchased."

³Barbara J. Lautzenheiser, "The Impact of Women's Lib on Disability Income Insurance," (Lincoln, Nebraska, 1973), p. 12. (Mimeographed.)

rates in most companies are much higher for female policyholders than for male policyholders. While it is understood that insurance rates are based on the insured population, rather than national statistics, questions concerning the magnitude of the differential remain largely unanswered.

Limitations in terms of equal availability of insurance and maximum benefits provided were also found for women. Pregnancy-related disability is excluded from coverage, and protection for homemakers is not generally available. Although there are a few indications that the industry is tentatively and slowly beginning to fill the void in homemaker disability insurance, it is only a very cautious beginning. This was evident from the limitations of such coverage as found in the survey.

Chapter 4

HEALTH EXPENSE INSURANCE

Health expense insurance is a form of protection against the costs of illness or injury. The benefits are in the form of payments to cover the attendant medical expenses. Although far greater numbers of people are covered through group health plans than by individual policies, this survey deals only with health insurance as sold to individuals.

A health expense insurance questionnaire dealing with coverage, limitations of coverage and premium rates as they affect women was sent to nineteen companies. The questionnaire is reproduced in the Appendix. Fourteen companies responded to the questionnaire. A summary list of findings produced by the questionnaire follows.

1. Premium rates for medical expense insurance are higher for women than for men.
2. Premium rates for a single-parent family headed by a woman may be higher than for a single-parent family headed by a male, or the same as the rate for a two-parent family.
3. Maternity coverage is available only with a family policy.
4. Maternity coverage is not available to an individual married or unmarried female applicant.
5. Maternity coverage is subject to a waiting period of ten months before the insurance goes into effect, which may not be reduced for miscarriages or premature births.

6. Maternity coverage, unlike other indemnities, is limited to a flat maximum amount or length of time.
7. Prenatal and postpartum maternity coverage is not generally available.
8. Abortion coverage is not generally available to individual policyholders. It is only available to family policyholders with maternity coverage.
9. When voluntary sterilization coverage is available, it may be subject to restrictions.
10. Married women may experience difficulty in securing health insurance in their own name.
11. When major medical coverage is available, it does not cover normal pregnancy costs.

It was found that individual women policyholders pay considerably more for health insurance than do their male counterparts. As shown in Table 9, women may pay a premium rate as high as 199% the male rate.

According to the companies surveyed, the rate differential was based on company or intercompany experience, and/or separate morbidity tables for women and men. This is essentially the same rate basis as was found in the previous chapter on disability income insurance. The standard policy does not normally include maternity coverage.

There is also a separate family rate which may or may not be adjusted for single-parent families. When it is adjusted, the rate paid by a female-headed family is higher than the rate paid by a male-headed family. This, too, is because of differing morbidity statistics by sex. When the rate is not adjusted, the rate for a female-headed family is

Table 9
Health Insurance Premium Rates

Different Rates By Sex	Rates for Typical Policy*			Maternity Coverage	Rates for Female-Headed Families
	Male	Female	F/M %		
Yes	124.44	247.56	199	Yes	Female Rate + No. Children
Yes	118.40	177.39	150	No	Female Rate + No. Children
Yes	114.60	145.60	127	No	Female Rate
Writes Accident Medical Expense Only					
N/A	N/A	N/A			20% Higher
Yes	127.33	172.13	135	No	Same as 2-parent
Yes	153.82	253.63	165	Yes	Female Rate
Yes	157.68	181.08	115	No	Female Rate
Yes	No such policy				Same as 2-parent
Yes	187.21	272.57	146	No	Same as 2-parent
Yes	108.00	143.96	133	No	Female Rate
Yes	162.70	237.78**	146	No	Female Rate
	178.35	263.79	148		
Yes	165.20	220.40	133	No	Female Rate
No	214.00	214.00	100	No	Same as 2-parent

*Annual premium for policy providing \$50/day hospital room benefit for at least 90 days, a \$600 surgical expense schedule and \$200 hospital miscellaneous charges for a 30-year old office manager on March 15, 1974. (Policies varied somewhat by company.)

**Rates for 2 different policies.

the same as for a two-parent family.¹

Essentially, a discussion of the premium rate differential for males and females in health expense insurance would be the same as it appeared in the chapter on disability insurance. Similar questions regarding the validity of the industry statistics and their relationship to conflicting Public Health Service reports can be raised in regard to health insurance premium rates.

One new dimension to the previous discussion is the hypothetical possibility that as more women enter the work force and are enrolled in group health plans, the health statistics of the insured population will reflect those greater numbers of women. In turn, this may bring about a closer correlation of national health statistics and industry experience.

This study found that maternity coverage is generally available only to those with a family policy, and/or where the husband and wife are both insured by the same company. Maternity coverage was not found to be available to individual female applicants. This was true whether the applicant was married or unmarried in all but two of the responding companies.² This means, in effect, that married women must

¹See Table 9, Column 4, page 48.

²See Table 10, Columns 2 through 3, page 50.

Table 10

Availability of Maternity, Abortion, and Voluntary Sterilization Coverage in
Companies Surveyed

Maternity			Abortion			Sterilization
Family	Individual Female Married	Individual Female Single	Family	Individual Female Married	Individual Female Single	
Yes	No	No	Yes	No	No	No
Yes	No	No	Yes	No	No	If Medically Advised
Yes	No	No	No	No	No	Yes-Family Only
N/A	Not Written					
Yes	Yes	Yes	Yes	Yes	Yes	Yes
Yes	No	No	Yes	No	No	Only Where Required By Law
Yes	Yes	Yes	Yes - With Doctors Statement			Yes, With Doctors Statement
Yes	No	No	Yes - If Involuntary			No
	No	No	Yes	No	No	Yes
Yes	No	No	Yes	No	No	Yes
Yes	No	No	Yes	No	No	No
	Not Written					
Yes	No	No	Yes	No	No	N/A
Yes	No	No	Yes	No	No	N/A

enroll in a higher priced family plan in order to obtain coverage, while unmarried women will usually find that maternity coverage is not available to them at all.

Closely related to the availability of maternity coverage, is the matter of cost for that coverage. When such coverage is part of the standard family policy, the effect is to discriminate against the family who cannot, or who does not desire to have children. On the other hand, when the benefit is available as an option, it is entirely possible that a married couple could decide to have a child, purchase the optional maternity coverage, receive the benefits, and then cancel the policy. This would tend to drive the price of the maternity option to an extremely high level. If, as another alternative, the costs are spread over all the insured population and maternity coverage were part of all standard health policies, women might very well find it more difficult to obtain health insurance because they would present a higher risk in terms of maternity claims.

All of the above is relevant to the question of who, in our society, should pay for maternity expense protection? The insurance viewpoint is that those who receive the benefits should bear the costs. An opposing view is that all should share these costs. As stated before the Joint Congressional Economic Committee, ". . . because women serve the biological function of continuing the species, society should share the disabilities and costs instead of penalizing

her for her necessary physiological role."¹

If the number of comments regarding maternity coverage from the consumer questionnaire is any indication, this is an area of great concern to women. Twenty-seven comments relating to maternity coverage were found. Most of these complained that the coverage was not included in their health policy, but four objected to the high premiums for their family policies which included maternity benefits.²

Another problem that exists with maternity coverage, is that even when benefits are available, they are extremely limited. Coverage is usually limited to a flat maximum amount or to a specified maximum length of time.³ Often, these limits are quite unrealistic in terms of actual medical costs. Similar limitations are not placed on other kinds of claims.

As shown in Table 11, prenatal and postpartum

¹U.S., Congress, Joint Economic Committee, Economic Problems of Women, Hearing, 93rd Congress, 1st Sess., July 12, 1973 (Washington: Government Printing Office, 1973), p. 169.

²Three of these four respondents to the consumer questionnaire volunteered the information that they were physically unable to have children, and the fourth was a widow.

³The limitations of maternity coverage found in this study are tabulated in Table 11. Two of the reporting companies did not write maternity coverage and are not included in the Table.

Table 11

Limitations of Maternity Coverage Found in Companies Surveyed*

Waiting Period	Waiting Period Reduced for Miscarriage or Premature Birth	Flat Maximum Benefit	Prenatal and Postpartum Coverage
Yes	Yes	Varies	No
10 mos.	Yes	Optional: \$100, \$175, \$250	Subject to Maximum
10 mos.	Yes	\$400 Max. after 2 years**	No
		Caesarean \$550	
10 mos.	No Reply	10 days x Room	No
10 mos.	Yes	10 days x Room (Normal)	Subject to Maximum
		5 days x Room (Miscarriage)	
10 mos.	Yes	Varies: \$50 to Full Coverage	Subject to Maximum
10 mos.	Yes	Guaranteed Minimum 10 days	Subject to Maximum
10 mos.	Yes	10 days x Room Benefit	No
10 mos.	Yes - 1 mo.	\$150	No
10 mos.	No	\$200 Physician 80% Eligible	No
		Hospital Expense	
10 mos.	No	\$150	Yes
10 mos.	Yes	7 days x Indemnity	No

*Two responding companies did not provide maternity coverage.

**\$200 if insured less than 1 year.

maternity care is not generally covered, unless such costs can be absorbed in the flat maximum allowed, which is an unlikely possibility. Prenatal care has been raised as a significant issue in the total health care picture, and the lack, therefore, of such coverage needs to be reevaluated.

As further shown in Table 11, maternity coverage was found to be subject to a waiting period of ten months. Since most policies contain an exclusion relating to pre-existing conditions, that time frame may be a realistic one. However, when that waiting period is not reduced in the event of a premature birth or a miscarriage, the rationale of excluding pre-existing conditions doesn't seem to apply.

Voluntary abortion and sterilization are two procedures often listed under the exclusions of an individual health insurance policy. Abortion coverage, when it is available, is only available to family policyholders and then only with maternity coverage. Except for one company, abortion coverage was not found to be available to individual policyholders, married or single.¹

Six of the responding companies provided coverage for voluntary sterilization as seen in Table 11. Two of these six companies required a doctor's statement concerning the medical advisability, and another two companies required that both husband and wife had to be insured by their

¹See Table 10, Columns 4 through 6, page 50.

company. One company provided coverage only in those states where it was required by law, although claims in other states may be honored by administrative decision if the policy has been in force for two or more years.

It has been stated in other reports that women are subject to riders and exemptions which exclude disorders of the female reproductive system.¹ Two companies responding to the questionnaires for this study replied that such disorders were excluded, but added that disorders of the male reproductive system are also excluded.² Three women on the consumer questionnaire complained about this female exclusion in their health policies, but it is unknown whether those particular policies had similar exclusions for males.

All but one of the responding companies indicated that they would write an individual policy for a married woman, even if her spouse was not covered.³ Only three companies, however, would write such a policy with maternity coverage, and two companies would accept the application

¹Susanne Stoiber, "Insured: Except in Case of War, Suicide, and Organs Peculiar to Females," Ms. Magazine (June, 1973), 117; see also Pennsylvania Insurance Department, Insurance Commissioner's Advisory Task Force on Women's Insurance Problems, Final Report and Recommendations (Harrisburg, June 1974), p. 3.

²This was in response to question 10 of the Health Expense Questionnaire reproduced on page 91 of the Appendix.

³This was in response to question 8 of the Health Expense Questionnaire.

only if the spouse was in the military or otherwise covered.¹ It is reasonable, perhaps, to speculate that although a company may have no stated policy denying married women the right to insurance in their own name, the subtleties of the underwriting process may result in a different practice.²

Major medical coverage was available to individual policyholders in six of the companies surveyed. Of these, one company excluded all pregnancy-related expenses, and the other five limited coverage to complications of pregnancy.³ The impact of this for women is that major medical, when it excludes pregnancy-related coverage, cannot be used to help pay for normal maternity costs which are very high in relation to the usual flat maximum benefits provided. Normally, during an illness, major medical coverage assumes the costs when regular benefits cease. This does not happen with maternity cases.

¹Related to this issue is an interesting comment made by one of the responding consumers. She stated that although her health insurance policy is written in her name, her husband's name and occupation were required before she could file a claim for her own medical expense. When she asked why this was necessary, the response was that the husband is head of the household and, therefore, the responsible person in that household.

²A response to the consumer questionnaire stated that the insurance agent insisted that the husband had to be the named insured. The agent is further reported to have said that if the wife were the insured and signer of the policy, a different coverage would result and that it would be more expensive.

³This data is produced from company responses to questions 14 and 15 of the Health Expense Questionnaire.

In summary, the findings of this report in the area of health insurance fall into two broad categories. First is the very large differential in premium rates between men and women, and the fact that women pay the higher rate because of morbidity differences as reflected in company statistics. As in the previous chapter, the many questions concerning the differences in national health statistics and the morbidity tables used by insurers are largely unanswered by this study.

Second is the problem of comprehensive health coverage for women who, because of their biological function in the reproductive process, bear the medical costs of that function. Insurance for pregnancy-related costs is usually available in the higher priced family plans, and rarely available to an individual female policyholder. In either event, even when coverage is available, it is limited to flat maximum amounts or time periods, which are often unrealistic in terms of actual costs.

Chapter 5

AUTOMOBILE INSURANCE

Questionnaires dealing with automobile insurance were sent to twenty companies and responses were received from sixteen. The questionnaire attempted to determine whether sex and marital status were factors in the availability and costs of automobile insurance. Also attempted, was the determination of whether a different life style affected one's ability to purchase insurance, and if so, whether that effect was the same for men and women. The findings as developed from the automobile insurance questionnaire¹ are listed as follows.

1. Sex and marital status are both factors in the premium rate for automobile insurance. Females who are young pay a lower premium rate than youthful males.
2. The state of marriage generally decreases the premium rate for youthful drivers.
3. Married women may experience difficulty in obtaining insurance in their own name.
4. Divorce or separation is a factor in determining insurability.
5. Divorced or separated women are often dropped from their husband's policy without notification.

¹The Automobile Insurance Questionnaire is reproduced on pages 92-93 of the Appendix.

6. Living outside of marriage with a person of the other sex is a factor in determining insurability.

Sex, marital status, and age are factors used to establish the automobile premium rate, and young women benefit from this practice. Young female drivers are charged a lower premium rate than are young male drivers.

The state of marriage is also a "plus factor" in determining the premium rate. In general, the event of marriage for a policyholder will decrease the premiums paid for automobile insurance, particularly if those insureds are in the youthful category. However, it was also found that the decrease, when it occurred, occurred more often for male insureds than it did for female insureds. Table 12 is a tabulation of the premium rate changes that occur for individual policyholders in the event of marriage.

Table 12

Patterns of Automobile Premium Rate Change by Sex in the Event of Marriage in Reporting Companies

Direction of Change	Male	Female
Rate does not change	0	4
Rate decreases	3	2
Rate decreases if youthful*	11	6
Rate increases if husband under 25	1	2
Direction of change not reported	1	2

*Under 25 or 30

Rationale for the generally decreasing rate is that marriage provides an emotionally stabilizing influence and, therefore, has a positive effect on the driving record. As seen in Table 12, a decrease in the premium rate after marriage occurred fourteen times for males and only eight times for females. It was also found, and shown in Table 12, that a woman who marries a young man under the age of 25 may find that her premium rate has increased. The reverse was not found. Two companies noted in their responses that the rates for females were already lower and a further decrease could not be justified. The rationale, however true, that marriage is a stabilizing influence positively affecting the driving record, does not so universally appear to benefit women, as it does men.

It has been alledged that women who are married experience difficulty in obtaining insurance in their own name.¹ Fourteen of the sixteen responding companies replied "yes" to the question of whether they sell insurance to a married woman in her own name. One company responded that insurance is issued to a married woman in her own name in some instances, but that it was usually written in the husband's name, or both. Another company replied, "Occasionally."

¹Pennsylvania Insurance Department, Insurance Commissioner's Advisory Task Force on Women's Insurance Problems, Final Report and Recommendations (Harrisburg, June 1974), p. 7.

While no evidence was found in the survey of companies that a stated rule exists which would deny married women insurance in their own name, replies to the consumer questionnaire would tend to indicate otherwise. That part of this study revealed some difficulties encountered by married women who attempted to buy insurance in their own name.¹ If underwriting practices do exist that, in effect, deny insurance to married women in their own name, a woman's good driving record would mean little if she married a man with a bad driving record and who is classified as a bad risk. Such practices could mean that a woman who is married to a bad risk may find it difficult or impossible to obtain insurance in spite of her own good driving record.

Just as marriage is considered to have a positive effect on the driving record, divorce or separation is considered to have an adverse effect. All companies responded that they would issue an insurance policy to a divorced or separated person, male or female. Several companies, however, further responded that divorce or separation is considered a high risk factor affecting both sexes for the first year after such event. No evidence was found that it would

¹Two women reported experiences related to the difficulty they encountered in trying to obtain automobile insurance for themselves while their husbands were in the army. Another woman alleges the agent told her the policy had to be issued in the husband's name and that he had to be listed as the primary driver.

be more difficult for females to purchase insurance under these conditions than for males.¹

Results of the consumer questionnaire further verified that divorce or separation may present problems. However, since that questionnaire was sent primarily to women, it cannot be determined whether those problems are more significant for women, or if they would also exist for men. The following types of personal experiences were found.

1. Insurance rate increased after divorce.
2. Insurance agent refused to issue policy after divorce.
3. Insurance policy was cancelled, even with title to car.

According to the insurance companies surveyed, divorced or separated women are often automatically dropped from their husband's policy without notification. This is fairly routine procedure in the case of divorce, although three companies stated that it depended on who acquired title to the car. Three other companies do so only upon request of the insured.²

When there has been a separation, three companies dropped the wife from the policy if she is no longer a

¹This data was developed from responses to questions 1 through 4 of the Automobile Insurance Questionnaire on page 92 of the Appendix.

²Information developed from responses to question 13 of the Automobile Insurance Questionnaire.

resident of the same household, and two if requested to do so by the insured. Only three companies notified the woman when dropped from the policy.¹ These findings may not be very significant in the case of the one-car family and when the husband retains ownership after a separation or divorce. They are more important in terms of the two-car family where husband and wife each retain ownership of one car.

Although not a finding in this study, the difficulties of a woman in precisely the above situation were reported in the hearings of the Joint Congressional Economic Committee.² The case concerned a high salaried woman whose husband transferred ownership for one of the family cars to her after their divorce. The insurance company, which previously insured the couple, continued to insure the husband's car, but informed the woman that she could only be insured as an "assigned risk." In order to get coverage she was forced to transfer the car's ownership back to her ex-husband and then be covered under his name.

The process of dropping the divorced or separated woman from the husband's policy, or the family policy, merely

¹ Responses derived from question 13, Automobile Insurance Questionnaire.

² U.S., Congress, Joint Economic Committee, Economic Problems of Women, Hearing, 93rd Congress, 1st Sess., July 12, 1973 (Washington: Government Printing Office, 1973), p. 176.

reflects, perhaps, the fact that most family, or husband and wife policies are issued in the husband's name. It also means that the burden of contracting for a new insurance policy, with the additional burden of being classified as a high risk divorced person, usually falls on the woman.

Another group of persons for whom different underwriting standards are applied, are those persons living outside of marriage with a person of the other sex. Eight companies consider this lifestyle a contributory factor in writing a new policy and/or cause for cancellation of an existing policy. Four companies considered this lifestyle a contributing factor in policy renewal, and seven companies said that more information than normally required would be sought of the applicants. In all cases, if the lifestyle caused a different underwriting standard, it was applicable to both males and females, according to the replies.¹

If there is an unfair discrimination in the above, it does not appear to be on the basis of sex. However, investigations into life styles, reputation, and standards of morality are often subject to the personal bias of the agent or investigator as to the propriety of the living arrangements. A reliance on this method of determining insurability contains no safeguards against sexism or other bias, and may

¹The information presented here is in response to questions 5 through 9 of the Automobile Insurance Questionnaire.

affect an individual's ability to obtain insurance without evidence of any correlation of those factors or living arrangements to good driving records.

In summary, this survey of automobile insurance finds that sex and marital status are both factors in determining the premium rate. This is of particular benefit to young female drivers who pay a lower rate than do young male drivers. The event of marriage usually tends to decrease the premium rate for young policyholders, although the decrease occurs more frequently for males than for females.

In the case of married couples, insurance is usually written in the husband's name, although no rule was cited that would deny married women the right to insurance in their own name. Divorce or separation, while found to be a factor in determining insurability, was not determined to affect one sex more than the other. Since insurance is usually written in the husband's name, however, the burden of acquiring separate insurance in such event usually falls on the woman.

Chapter 6

HOMEOWNER AND PROPERTY INSURANCE

Homeowner and property insurance was found to be the only type of insurance that did not use a sex factor in determining the premium rate. The question then is not whether sex affects the cost of coverage, but whether it, along with marital status, affects the insurability of the applicant.

Homeowner and property insurance questionnaires were developed and distributed to seventeen insurance companies and twelve of these responded. The following summary of findings was produced.

1. Premium rates are not determined by sex.
2. Single or divorced women may find it more difficult to purchase insurance than a married couple or a single or divorced male.
3. Living outside of marriage with a person of the other sex is a factor in determining insurability.

In answer to the several questions regarding the availability of coverage to unmarried, divorced or separated males and females, all companies replied that they do issue policies for all these groups. However, a separate question asking for those factors that would make it more difficult for single or divorced women to purchase insurance, than for married couples, single or divorced men, did

produce comments from several companies worth noting.¹

According to one company it was more difficult for a single or divorced woman to buy insurance than a married couple or a single or divorced male. Another company replied that any difficulty encountered by a single or divorced woman would depend on her financial ability and her intentions to meet the financial obligations. Still another company reply was that from an insurance viewpoint, married couples are more desirable as insureds. Habitual unoccupancy at night was a factor that was considered before insuring single or divorced women by one firm. It should be clarified that these comments were in direct response to a portion of question 13 on the questionnaire that dealt specifically with single and divorced women. The questionnaire did not include a similar question about single and divorced men. Whether or not the responses would have been similar is not known. Only one of the responding companies did actually clarify this point by their response that it was more difficult for a single or divorced woman to buy insurance than a married couple or a single or divorced male. It does seem to appear that the industry would prefer to insure married couples, which is similar to the findings in the chapter on automobile insurance.

¹See Question 13 of Homeowner Questionnaire on page 95 of the Appendix.

The companies were asked whether they sell insurance to married women in their own name, and all of the responses were in the affirmative. However, some of the responses to the consumer questionnaire again raise the issue. In spite of the affirmative answers by companies indicating that a married woman can obtain insurance in her own name, questions are raised as to the ease by which this is done.¹ If there is a bias against naming a married woman as the insured on a homeowner and property policy and if no evidence of it appeared in the company responses, it may be due to agent prejudice or bias.

As in automobile insurance, a person's life style is a factor in determining insurability. Lifting outside of marriage with a person of the other sex is a contributing factor in the underwriting considerations of all but one of the responding companies.² Dependent upon other factors,

¹A recently divorced woman in response to the consumer questionnaire commented that her homeowner policy was still in her former husband's name because of the reluctance of the agent to change it. A wife, who had contacted her agent regarding an adjustment to a homeowner policy later discovered that the agent had called her husband to "verify" those decisions. Her reaction to this was that agents do not treat women as responsible individuals. Yet another woman complained that, although their policy was issued to both husband and wife, a claim check was made payable to the husband only.

²This in response to questions 5 through 7 of the Homeowner and Property Questionnaire on page 94 of the Appendix.

such life style may be a cause for cancellation of an existing policy and a contributory factor in the renewal of an existing policy. Living outside of marriage with a person of the other sex usually results in a search for more information about the applicant or policyholder than may normally be required. The kinds of information sought include social and work habits, evidence of prolonged entertaining, periods of unoccupancy, potential illegal activities, drinking habits, reputation, source of income, stability of relationship and financial ability.

Nothing in the responses indicated that decisions regarding insurability because of life style were more rigorously applied to women than they were to men. If a prejudice exists against certain life styles, and if this prejudice results in a discrimination, it was not found to be based on sex.¹

Homeowner and property insurance is the only type of insurance found in this study that does not base the premium rate on the sex of the individual. Other factors, such as marital status and life style, produce findings similar to those found in automobile insurance. One company acknowledged that single or divorced women would have more difficulty purchasing insurance than would a married couple or a

¹Questions 5 through 7 on the Homeowner and Property Questionnaire produced identical responses for both women and men.

single or divorced male. It is not, however, conclusively known whether the other company responses relative to the difficulties of obtaining insurance for single or divorced women, would also be applicable to single or divorced men. In any event, from an insurance viewpoint, married couples are found to be more desirable than single or divorced persons.

Living outside of marriage with a person of the other sex is a factor in determining insurability. However, if a discriminatory practice exists as a result, it was not found to be on the basis of sex.

Chapter 7

SUMMARY

Numerous practices within the insurance industry that particularly affect women have been identified by this study. To the extent that it was possible within the limits of the project, these practices have been documented and evaluated as to their impact on women.

A total of ninety-three questionnaires dealing with life, disability income, health, automobile, and homeowner and property insurance were distributed to insurance companies of varying sizes in Iowa. A total of seventy-three responses were completed and returned. The company returns were analyzed by type of insurance and the detailed findings presented in separate chapters of this report.¹ There is little question that the findings of this project have identified many insurance practices that affect women, and that these practices taken together have an adverse effect on women, relative to men, in terms of insurance protection.

A major finding was the disparity in premium rates for insurance based on sex. In only one type of insurance, namely homeowner and property, was sex not a factor in the

¹Individual chapters clarify that not all findings are applicable to all of the responding companies.

determination of rates. Female policyholders pay considerably higher rates, because of their sex, for disability income and health expense insurance. That rate differential is most often based on the insurance industry morbidity tables. Since there is considerable evidence that national health statistics show little, if any, difference in morbidity rates by sex, a serious question is raised concerning the magnitude of the premium rate differential that exists in disability and health insurance.

It was also found that women pay a lesser premium rate for life and automobile insurance than do men. With automobile insurance this is primarily true for the young driver. With life insurance, women are usually given a three-year age setback to reflect their longer life expectancy. This means that the female rate is the same as for a male who is three years younger. Mortality tables by sex, however, clearly indicate that the age differential is considerably more than three years, and, therefore, the three-year age setback does not accurately express the actual differences in mortality. By limitations on reserve and non-forfeiture requirements, the law now indirectly restricts premium differential to three years.

Premium rates for life annuity programs are similarly structured on life expectancy by sex. The age setback commonly used in these programs, however is four or five years. A point to note is that the use of a greater age differential

produces a higher premium rate for females in annuity programs, while a greater age differential in ordinary life insurance produces a lower premium rate.

The insurance industry stands out in sharp contrast in a society where classification by sex is becoming increasingly suspect and where such classification is, in many cases, prohibited by law. Sweeping federal legislation in the past decade has made it illegal to discriminate on the basis of sex in employment, education, and the issuing of credit. Regulations to implement these laws have virtually outlawed any practice that intentionally, or unintentionally, adversely affects women as a group. In the light of prevailing public policy on such classification in other areas, the time has come to examine and reevaluate the system of classification by sex in the insurance industry.

Previous discussions of the premium rate differentials in each type of insurance have pointed out some of the inherent difficulties in establishing an insurance classification that will maintain the actuarial considerations necessary to the industry. To ignore those difficulties may well create further problems for women than are even now evident. If, for example, one rate were established for female and male groups, and if women continue to be identified as a high risk group, companies may very well avoid insuring women at all, in an effort to minimize their losses.

It seems incumbent upon the industry and/or the

regulatory agencies to carefully scrutinize and reevaluate the existing premium rate structure. At least, some justification of the large premium rate differentials, which apparently reflect industry experience, should be made, in view of the stark contrast of that data to national mortality and morbidity statistics.

Several practices were found regarding the availability of insurance protection particularly affecting women. One of these practices, in the life companies surveyed, is to provide a guaranteed purchase option to buy additional coverage without further evidence of insurability. This study found that the option dates were not always equally available to men and women, and that males, particularly, were benefited by special purchase option dates in the event of marriage or the birth of a child. Another practice by life insurance companies is to provide as an option, disability income protection. This option, too, is not equally available to female and male policyholders.

The state of marriage was found to affect the amount of life insurance available to women, while men were not similarly affected. The amount of coverage available to a married woman generally depends upon her husband's coverage. Pregnant women, particularly in the later stages of pregnancy and/or with a history of complications, are not insurable, and it was also found that being a mother out of wedlock was a factor in determining insurability.

When viewed in the context of changing life styles for women, some of the above practices may well be subject to closer scrutiny. No longer can it be assumed that when a woman marries, she will exit the workforce. Often the married woman's contribution to the family's support is substantial, and practices that enable the husband only to add to his coverage through guaranteed purchase options or optional disability income coverage may discriminate unfairly against the married woman. In a similar way, so does the practice of limiting the amount of life insurance available to married women by making it dependent upon the amount of insurance carried by the husband. Such practices tend to discount the actual family financial needs and to ignore completely the real income generated to the family by the wife's contribution as a homemaker.

Limitations in the availability of disability income insurance for women were also found to exist. Although larger numbers of women than ever before are in the labor market, the same occupational classes for disability insurance are not always equally available to men and women. This may mean that a woman in a hazardous occupation may not be insurable, or that she may pay a higher premium than a male holding a similar job. Pregnancy-related disabilities are routinely excluded from coverage.

In addition, two large groups for whom disability income insurance is not generally available, are the

homemaker and the part-time worker. This finding is especially important for women, many of whom are homemakers, or who, because of responsibilities at home, are unable to assume full-time employment.

Further limitations in terms of coverage and benefits were found for women that were not applicable to men. In some cases, while disability income insurance was available to women, the maximum monthly indemnity and the maximum benefit period were considerably less for female policyholders than for males. Also, the reduction in benefits that may occur when the insured is not employed away from home at the time of the disability may be greater for women than it is for men.

Emerging throughout is a pattern of practices that rest on the assumption that women are a homogeneous group, who, when and if they are employed, are but temporary members of the workforce. Assumptions of this nature run contrary to present-day fact, and the resultant practices in the insurance industry severely and adversely affect those women who are dependent upon their own incomes. The practice of reducing disability income benefits if the policyholder is female is seen as inequitable as is the practice of setting up occupational classes and not making them available to women. If an occupational class is insurable for disability income purposes, it should be equally available to both males and females.

The non-availability of disability income protection for homemakers is to ignore the needs of a major segment of women and their families. The loss of a homemaker's economic contribution should be insurable and the necessary financial protection afforded when disability strikes. The difficulties of measuring the value of that contribution and of determining the duration of the disability are not insurmountable.

The differences in the availability of health expense insurance to women and men relate primarily to the female role of childbearing. Maternity coverage is not regarded as a normal health expense and is, therefore, not a standard feature of all policies. The coverage is usually available only with a family policy, and is not available to an individual married or unmarried female policyholder. Similarly, abortion coverage is not usually available to individuals, but only to family policyholders. Prenatal and postpartum maternity coverage is not usually provided.

Unlike other indemnities, maternity coverage, even when available, is subject to a flat maximum amount or a maximum length of hospital stay. Major medical coverage is not applicable to normal maternity costs. Further, maternity coverage is subject to a waiting period of ten months before the insurance goes into effect which may not be reduced for miscarriages or premature births. In terms of women's total medical needs, which include pregnancy-related expenses, a

comprehensive health insurance package is not available to women.

It is recognized that a considerable degree of controversy surrounds the question of maternity coverage. The controversy centers around the concept that pregnancy is a planned, rather than an unplanned event. To those who maintain that it is planned, it seems reasonable to assign the costs of maternity coverage to that group who have children. In the other camp are those who argue that pregnancy is not always elected and that the present system burdens and penalizes women. Furthermore, the argument is presented that the female biological function of reproducing the species is a necessary one to society and, therefore, the costs of that function should be borne by society.

Other fertility-related medical expenses, such as abortion and voluntary sterilization, were found to be available only with a family policy. Such practices restrict coverage to married persons, while it is entirely possible that unmarried persons may also need this protection.

Practices relating to the availability of insurance for women in automobile, and homeowner and property insurance companies were most often related to marital status. Divorce or separation was found to be a factor in determining insurability, but this factor may affect both sexes. In the case of homeowner and property insurance, married couples were found to be more desirable from an insurance viewpoint.

Inherent in all types of insurance are the difficulties encountered by married women who desire to carry insurance in their own name. Women who are denied this right are often seriously disadvantaged in the event of a divorce or separation. The prevailing attitudes of insurance agents who may insist on writing all insurance in the husband's name, impose a burden on a divorced or separated woman that is not imposed on a divorced or separated man. His policy remains in effect, while she must seek new insurance under the label of being divorced.

A growing public support is developing for new legislation to correct the inequities found in the insurance market. As stated earlier, a bill to prohibit sex discrimination in the coverage and availability of insurance has been filed in Congress by Representative Edith Green. It is also possible that similar legislation will be introduced in the Iowa General Assembly in 1975. The Iowa Commission on the Status of Women has already recommended such legislation as a part of their package of legislative recommendations adopted in regular session, December 14, 1974.¹

In addition, a growing awareness by the insurance industry of the changing role of women in our society and the resulting expansion of the market in terms of insuring

¹Iowa Commission on the Status of Women, Minutes, December 14, 1974 (Des Moines, Iowa).

those women, is seen as beginning to develop. Add to this a growing awareness and knowledge by women themselves, about the existing inequities in the insurance market, and changes may well be forthcoming.

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APPENDIX

LIFE INSURANCE QUESTIONNAIRE

1. Are life insurance rates in your company different for men than women? If yes, describe the nature of the difference. (For example, is an age set-back used for women? What number of years is used?)
2. Do you use different annuity rates for men than for women? If yes, describe the nature of the difference.
3. Does your company issue participating life insurance policies? If yes, are dividend payments to women at a given age different than for men?

If they are different, describe the nature of the differences.

4. What is the annual premium in your company for a \$10,000 continuous premium whole life policy issued at age 30 on March 15, 1974?

a. For a man?

b. For a woman?

(If your company issues more than one continuous whole life policy, include the premiums for each type by sex.)
(Please describe any non-typical aspects of coverage provided in your policy such as inclusion of waiver of premium benefit.)

5. Is the coverage in the policies for which premiums are quoted in #4 identical?

If no, in what ways is the coverage different for men and women?

6. Do criteria for insurability differ for male and female applicants of the same age, occupation, marital status and health?

(For example, are non-medical limits different? Are medical requirements different for writing standard policies? Are substandard underwriting policies different?)

If yes, describe the differences.

7. Is the maximum amount of insurance which may be purchased different for women than for men? If yes, describe the differences.

8. Does your application form request information from a woman about her husband's insurance?

Does your application form request information from a man about his wife's insurance?

9. Does the amount of coverage available to a married woman depend on her husband's coverage? If yes, describe the rules which apply.
10. Is being the mother of an illegitimate child a factor in determining insurability with your company?

If yes, explain.

11. Is illegitimacy a factor in determining insurability with your company?

If yes, explain.

12. Is pregnancy a factor in determining insurability with your company?

If yes, explain.

13. Are guaranteed purchase options available on the same basis to male and female applicants?

If not, explain in terms of underwriting considerations, amount, prices, and/or terms.

14. Are accidental death benefits available on the same basis to male and female policyholders?

If not, explain in terms of underwriting considerations, amounts, price, and/or terms.

15. Is disability income insurance available as an additional coverage on life insurance policies written by your company? If yes, is it available on the same basis to male and female policyholders?

If it is not available on the same basis, explain in terms of underwriting considerations, amounts, price, and/or terms.

16. Are settlement options included in your policies identical for males and females?

If not, describe the nature of the differences. (For example, is an age set-back used for annuity options, and if so, what number of years is used?)

If the information is readily available, we would appreciate the following information:

17. How many male policyholders?
How many female policyholders?
18. What is the premium volume of male insureds?
What is the premium volume of female insureds?

Company _____

Person responsible for questionnaire _____

Phone _____

NON-GROUP DISABILITY INCOME INSURANCE QUESTIONNAIRE

1. Are disability income insurance rates in your company different for men than for women?

If yes, describe the nature of the difference. (For example, is an age-setback used for women, or a systematic percentage difference?)

2. What is the annual premium in your company for a disability income policy providing \$300 per month to age 65 for accident or sickness with a six-month waiting period for an office manager, age 30, on March 15, 1974?

a. For a Man?

b. For a Woman?

Does this policy include pregnancy-related disabilities?

(Please describe any special aspects of coverage provided in your policy.)

3. Are the policies for which the premiums are quoted above identical? If not, how does the coverage differ?
4. Does your company issue participating disability income policies? If yes, are dividend payments to women at a given age different than for men? If different, describe the nature of the difference.
5. Are there any limitations on disability income policies issued to women by your company that are different from policies issued to men?
6. Are policies for the same occupational classifications available to men and women on the same basis? If not, explain the differences.

Are the occupational categories the same for men and women?

7. Are the underwriting criteria (age, occupational class, earnings, medical history, etc.) the same for men and women?
8. Is there a reduction of benefits if the insured is not employed away from home at the time of disability?

If yes, is the reduction the same for men and women?

If not the same, describe the rules that apply.

9. Do criteria for determining the maximum monthly indemnity differ between men and women?

What is the maximum indemnity available for men?

What is the maximum indemnity available for women?

10. Do criteria for determining length of maximum benefit periods differ between men and women? If yes, what is the maximum duration of benefits?

For men?

For women?

11. Are noncancellable policies equally available to men and women?

12. Are guaranteed renewable policies equally available to men and women?

13. Does your company provide disability income coverage for part-time workers?

If yes, is it available to male and female applicants on the same basis?

If it is not, describe the nature of differences that apply to male and female applicants.

14. What is the definition of total disability for men?
For women?

15. Are pregnancy-related disabilities excluded from coverage?

Are disabilities resulting from medical or surgical procedures "indigenous to females" excluded?

16. Does your company sell disability income insurance for women who do not work outside the home?

If yes, describe the method used in determining disability.

If the information is readily available, we would appreciate your answers to the following:

17. How many male policyholders?
How many female policyholders?

18. What is the premium volume of male insureds?
What is the premium volume of female insureds?

Company _____

Person responsible for questionnaire _____

Phone _____

NON-GROUP MEDICAL EXPENSE INSURANCE QUESTIONNAIRE

1. Are medical expense insurance rates in your company different for men than for women? If yes, describe the nature of the difference.
2. What is the annual premium in your company for a medical expense policy providing \$50 per day hospital room benefit for at least 90 days, a \$600 surgical expense schedule, and \$200 for hospital miscellaneous charges for a 30-year-old office manager on March 15, 1974?

a. For a Man?

b. For a Woman?

Does this policy include maternity coverage?

Please describe any special aspects of coverage provided in your policy.

3. Is the coverage in the policies for which the premiums are quoted above identical? If not, in what ways are coverages different for men and women?

The following questions relate to all non-group medical expense insurance written by your company.

4. Are the same coverages and benefits available to individual male and female applicants? If not, explain.
5. Is maternity coverage available to an individual married female applicant? If not, explain.
6. Is maternity coverage available to unmarried women? If not, explain.
7. When maternity coverage is available:

Is there a waiting period before coverage goes into effect? How long?

Is the waiting period reduced for miscarriages or premature births?

Is coverage subject to a flat maximum benefit? If yes, how much? If not, explain.

Is prenatal and postpartum maternity care covered?

8. Will you write an individual policy for a married woman if her spouse is not covered by your company? With maternity coverage? Without maternity coverage?

9. Will you write an individual policy for a married man if his spouse is not covered by your company?
10. Are there standard exemptions or reductions in coverage for medical problems related to reproductive systems?
- For Women? For Men?
- Is coverage ever excluded for female reproductive organs?
11. Are family policies available for a female-headed family? If yes, are the rates the same as for a male-headed family? If not, explain.
12. Is abortion coverage available to family policyholders? Without maternity coverage?
- To individual married policyholders? Without maternity coverage?
- To individual unmarried policyholders? Without maternity coverage?
13. Is voluntary sterilization coverage available to policyholders? If yes, are there any limitations, such as only to family policyholders?
14. Is major medical coverage available to non-group policyholders?
15. If major medical coverage is available to non-group policyholders, does it cover pregnancy-related expenses?

If the information is readily available, we would appreciate your answers to the following:

16. How many policyholders in the following categories:

Individual male medical expense insurance?
Individual female medical expense insurance?
Family medical expense insurance?

17. What is the premium volume of each of the above categories?

Company _____

Person responsible for questionnaire _____

Phone _____

AUTOMOBILE INSURANCE QUESTIONNAIRE

1. Does your company write insurance for females who are divorced? If yes, are their rates higher?
2. Does your company write insurance for females who are separated? If yes, are their rates higher?
3. Does your company write insurance for males who are divorced? If yes, are their rates higher?
4. Does your company write insurance for males who are separated? If yes, are their rates higher?

The following questions (5 through 9) relate to an individual living outside of marriage with a member of the opposite sex.

5. Is this life style a contributory factor in the underwriting considerations for a new policy?

For a Man?

For a Woman?

6. Is it cause for cancellation of an existing policy?

For a Man?

For a Woman?

7. Is it a contributory factor in the renewal of a policy?

For a Man?

For a Woman?

8. Does this life style indicate a need for more information about the applicant or policyholder than is normally required?

Are these individuals subject to different underwriting standards?

9. If an investigation follows in the above situation, what other kinds of information is sought?
10. Are unmarried men considered a "high risk?"
Are divorced men considered a "high risk?"
Are widowed men considered a "high risk?"
Are men living outside of marriage with a woman considered a "high risk?"

11. Are unmarried women considered a "high risk?"
Are divorced women considered a "high risk?"
Are widowed women considered a "high risk?"
Are women living outside of marriage with a man considered a "high risk?"
12. Do you sell insurance to a married woman in her own name? If not, explain.
13. Do you drop a woman from her husband's policy upon divorce?
Upon separation?
Is she notified?
Can she obtain insurance in such event on her own?
14. Does the premium rate change for a single policyholder in the event of marriage?
- For Males? For Females?
- If a change is indicated, does the rate increase or decrease?
15. What factors would make it more difficult for single or divorced women to purchase insurance than for married couples or single or divorced men?
- If the information is readily available, we would appreciate your answers to the following:
16. How many male policyholders?
How many female policyholders?
17. What is the premium volume of male insureds?
What is the premium volume of female insureds?

Company _____

Person responsible for questionnaire _____

Phone _____

HOMEOWNER AND PROPERTY INSURANCE QUESTIONNAIRE

94

1. Does your company write insurance for females who are divorced? If yes, are their rates higher?
2. Does your company write insurance for females who are separated? If yes, are their rates higher?
3. Does your company write insurance for males who are divorced? If yes, are their rates higher?
4. Does your company write insurance for males who are separated? If yes, are their rates higher?

The following questions (5 through 9) relate to an individual living outside of marriage with a member of the opposite sex.

5. Is this life style a contributory factor in the underwriting considerations for a new policy?

For a Man?

For a Woman?

6. Is it cause for cancellation of an existing policy?

For a Man?

For a Woman?

7. Is it a contributory factor in the renewal of a policy?

For a Man?

For a Woman?

8. Does this life style indicate a need for more information about the applicant or policyholder than is normally required?

Are these individuals subject to different underwriting standards?

9. If an investigation follows in the above situation, what other kinds of information is sought?
10. Do you sell homeowners or renters insurance to an unmarried person?

a. Male?

b. Female?

If no (in either a. or b.), explain.

11. Do you sell insurance to a married woman in her own name? If not, explain.

12. Is coverage interrupted in the event of divorce?

a. For Males?

b. For Females?

In the event of separation?

a. For Males?

b. For Females?

13. Can a woman readily obtain insurance in either of the above events on her own?

What factors would make it more difficult for single or divorced women to purchase insurance than for married couples or single or divorced men?

If the following information is readily available, we would appreciate your answers.

14. How many male policyholders?

How many female policyholders?

15. What is the premium volume of male insureds?

What is the premium volume of female insureds?

Company _____

Person responsible for questionnaire _____

Phone _____

CONSUMER INSURANCE QUESTIONNAIRE

1. Are you male _____ or female _____?
2. Indicate which of the following applies to you:
Married _____, Single _____, Divorced _____,
Separated _____
3. Number of dependent children _____
4. Number of other dependents _____
5. Age _____
6. Occupation _____
7. Income: Less than \$3,000 _____, \$3,000 to \$6,999 _____,
\$7,000 to \$9,999 _____, \$10,000 to \$14,999 _____,
\$15,000 to \$24,999 _____, Over \$25,000 _____
8. Education: grade school _____, some high school _____,
high school graduate _____,
some college _____, college graduate _____,
graduate college _____
9. Check any of the following types of insurance that you
carry: Automobile _____, Homeowner and Property _____,
Life _____, Health _____, Group _____ or nongroup _____
10. If married, list any of the above types of insurance
that are in your spouse's name.
11. Are you aware of any differential in coverage, benefits,
and premium rates due to sex in your insurance policies?
Explain:
12. Are there any riders or exclusions attached to your
insurance policies related to sex?
Explain:
13. Are you aware of any inequitable or inadequate insurance
practices that affect women?
List:
14. Have you ever filed a complaint regarding your insur-
ance? Were you satisfied with the settlement?
15. Have you ever had difficulty obtaining the kind of
insurance you wanted? If so, what kind of insurance?
Do you know why it was difficult to obtain for you?
16. Have you ever had a policy cancelled? If so, what kind
of policy? Do you know why?
17. Have you ever experienced difficulty in renewing a
policy? If so, what kind of policy? Do you know why?
18. Any other comments you wish to make will be appreciated.